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FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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Q-35818

1992

4/92-2204

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from_____to_____

Commission File No. 33-2470-W

XELEX, INC.
(Exact name of registrant as specified in its charter)

Utah	54-1339719
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

115 East Putnam Avenue, Greenwich, Connecticut 06830
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (203) 661-7800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

On April 30, 1992, the registrant had outstanding 19,500,100 shares of Common Stock, par value $.001 per share.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

XELEX, INC.

BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 652,427	$ 645,491
Other receivables	—	2,130
Total Assets	$ 652,427	$ 647,621
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 41,665	$ 35,056
Income taxes payable	1,963	1,388
Total Current Liabilities	43,628	36,444
Stockholders' Equity:		
Common stock $.001 par value, 100,000,000 shares authorized; 40,928,671 shares issued	40,929	40,929
Capital in excess of par value	1,221,456	1,221,456
Retained earnings	12,843	15,221
	1,275,228	1,277,606
Less 21,426,571 shares of common stock in treasury at cost:	666,429	666,429
Total Stockholders' Equity	608,799	611,177
Total Liabilities and Stockholders' Equity	$ 652,427	$ 647,621

The accompanying notes are an integral part of these financial statements.

XELEX, INC.

STATEMENTS OF OPERATIONS
[Unaudited]

	Three Months Ended March 31,	
	1992	1991
Revenues:		
Interest income	$ 6,428	$ 6,796
Expenses:		
Consulting and management fees	1,250	—
General and administrative	6,982	120
Total Expenses	8,232	120
Income (loss) before income taxes	(1,804)	6,676
Income tax provision	574	1,776
Net income (loss)	$(2,378)	$ 4,900
Net income (loss) per common share	$ (.00)	$ .00
Weighted average number of common share	19,500,100	19,500,100

The accompanying notes are an integral part of these financial statements.

XELEX, INC.

Statements of Stockholders' Equity
(Unaudited)

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balance at December 31, 1991	40,928,671	$ 40,929	$1,221,456	$ 15,221	$(666,429)	$ 611,177
Net loss for the three months ended March 31, 1992				(2,378)		(2,378)
Balance at March 31, 1992	40,928,671	$ 40,929	$1,221,456	$ 12,843	$(666,429)	$ 608,799

The accompanying notes are an integral part of these financial statements.

XELEX, INC.

STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ (2,378)	$ 4,900
Changes in assets and liabilities:		
Decrease in other receivables	2,130	1,710
Decrease in prepaid taxes	—	916
Increase/(Decrease) in accounts payable and accrued expenses	6,609	(18,371)
Increase in Income Taxes payable	575	—
Net cash provided by (used in) operating activities	6,936	(10,845)
Cash at beginning of period	645,491	636,046
Cash at end of period	$652,427	$625,201
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Income taxes	$ —	$ 610
Interest	—	—

The accompanying notes are an integral part of these financial statements.

XELEX, INC.

Notes to Financial Statements

March 31, 1992

Note 1. The Company

Xelex, Inc. (the "Company") was incorporated on September 18, 1985 in the State of Utah. The Company subsequently completed a sale of its common stock to the public. The Company is actively seeking to invest in any and all types of operating assets, properties and businesses. The Company has not, at the present time, paid any dividends and any dividends that may be paid in the future will depend upon the financial requirements of the Company and other relevant factors.

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "Commission"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures are adequate to make the information presented not misleading.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1992 have been made. The results for the three months ended March 31, 1992 are not necessarily indicative of the results to be expected for the entire year. These financial statements and notes should be read in conjunction with XELEX, Inc.'s Annual Report on Form 10K for the year ended December 31, 1991.

Note 2. Summary of Significant Accounting Policies and Related Matters

Earnings Per Share

The computation of earnings per share of common stock is based upon the weighted average number of shares outstanding during the periods.

Note 3. Related Party Transactions

(a) Office Rental

The Company utilizes the office space of Milley & Company ("M&C"), a private investment firm, without charge. The officers and directors of the Company are also principals of M&C.

Note 3. Related Party Transactions (continued)

(b) Management Compensation

Officers or directors may be paid a maximum of $20 per hour for actual hours devoted to the Company's business. It is currently estimated that officer and director compensation will not exceed $5,000 per year for all officers and directors as a group, until such time as the Company may require full or extensive time commitments from any officer or director. Officers and directors will also be reimbursed for actual out-of-pocket expenses incurred on behalf of the Company.

Note 4. Income Taxes

The components of income tax expense are as follows:

	Three Months Ended March 31,	
	1992	1991
Federal	$ —	$ 859
State	574	917
	$ 574	$1,776

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company was incorporated on September 18, 1985 in the State of Utah for the purpose of investing in any and all types of operating assets, properties and businesses. In October 1985, the Company issued 2,500,000 shares of Common Stock to its officers, directors and to others for the aggregate sum of $20,000. On February 28, 1986, the Securities and Exchange Commission (the "Commission") granted effectiveness to a Registration Statement on Form S-18 filed by the Company in the Commission's Washington Regional Office. The Registration Statement was for an offering of 8,000,000 shares at $.05 per share ($316,683 net to the Company). The offering was a "blind pool" offering. The Company sold all 8,000,000 shares before terminating the offering which closed April 30, 1986. On May 5 and May 6, 1987, the Company sold, in the aggregate, an additional 9,000,100 shares of its Common Stock in private transactions for an aggregate price of $180,002. On April 21, 1988, the Company sold an additional 21,428,571 shares of its Common Stock in a Regulation D (Rule 505) transaction for a price of $750,000. On November 15, 1989, the Company purchased these 21,428,571 shares for an aggregate cash price of $666,429.

The Company has been, and presently is, seeking potential acquisitions of technologies, product distribution rights, properties, or privately held companies. The Company intends to fund the investigation and analysis of potential acquisitions with a portion of the offering proceeds. To date, the Company's only business activities have been the formation of the Company, the sales and purchase of shares of its Common Stock, the investigation of potential acquisitions and the engaging in preliminary discussions with potential acquisition candidates.

Liquidity and Capital Resources. Presently, the Company's assets consist primarily of cash and cash equivalents. The Company is presently seeking potential acquisitions of private companies, technologies or product distribution rights. Management believes that any such acquisition may be made by issuing shares of the Company's authorized but unissued Common Stock or by the incurrence of indebtedness for borrowed money. The Registrant's liquidity, capital resources and financial condition will be significantly different subsequent to the consummation of any acquisition.

Results of Operations. The Company's operating activities consist of investigating potential acquisitions, preliminary discussions with potential acquisition candidates and entering into arrangements with additional investors. The Company's assets, consisting primarily of cash and miscellaneous receivables, are on deposit in various interest-bearing and non-interest bearing accounts pending the consummation of any acquisition.

PART II - OTHER INFORMATION

Item 5. Other Information

On April 30, 1992 the Company's Board of Directors accepted the resignation of Mr. Roger L. Keech as a member of the Board of Directors, and as President and Chief Executive Officer, effective April 30, 1992.

The Board of Directors declared the Board membership opened by Mr. Keech's resignation as vacant and established the number of directors at three in accordance with the Company's Bylaws.

Effective April 30, 1992, the Board of Directors, of which Alexander M. Milley is a member, elected Mr. Milley to the office of President of the Company and appointed him Chairman of the Board.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

XELEX, INC.

By _____
Thomas R. Druggish
Vice President Finance
and Principal Financial
Officer

Dated: April 30, 1992